Financial Transactions and Reports Analysis Centre of Canada

2015–16

Report on Plans and Priorities

The Honourable Joe Oliver, P.C., M.P.
Minister of Finance

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Director's Message

I am pleased to submit to Parliament and Canadians the 2015–16 Report on Plans and Priorities for the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC), Canada's financial intelligence unit.

Financial intelligence plays a critical role in helping to combat money laundering, terrorism financing and threats to the security of Canada. By working with our regime partners in government, law enforcement, intelligence and national security agencies, prosecutors and thousands of businesses across the country, we are creating an environment that is increasingly hostile to those who seek to abuse our financial system or who threaten the safety of Canadians.

In the year ahead, FINTRAC will continue to focus its efforts on providing actionable financial intelligence that assists police and national security agencies in protecting Canada and Canadians. Our Compliance Program will continue to ensure the quality, quantity and timeliness of the reporting we receive and ensure that reporting entities have the tools and the guidance they need to comply with their anti-money laundering and anti-terrorism financing legislative obligations.

In addition, we will move forward on the implementation of the legislative changes contained in the *Economic Action Plan 2014 Act No. 1* meant to strengthen Canada's anti-money laundering and anti-terrorism efforts, including increasing our ability to disclose information on threats to the security of Canada to our partners. As we look to operationalize these changes, we will work with businesses to minimize burden wherever possible and to ensure that the new legislative and regulatory obligations are clearly understood.

Another significant priority for us will be the multi-year plan for the modernization of our analytics system. During the 2015–16 fiscal year, FINTRAC will continue the process of investing in a new system to support our analytical work and adopt new business methodologies in order to improve our ability to balance reliability, completeness and timeliness in the financial intelligence we provide to our regime partners.

Finally, we will also be working with our regime partners, under the leadership of the Department of Finance, to prepare for the Financial Action Task Force's evaluation of Canada's anti-money laundering and anti-terrorism financing regime. With our partners, we are committed to demonstrating the overall effectiveness of Canada's regime during the next evaluation round.

Canada's anti-money laundering and anti-terrorism financing regime is achieving significant results for Canadians. I invite you to read this report to learn more about our plans and priorities for the 2015–16 fiscal year.

Gérald Cossette
Director

Section I: Organizational Expenditure Overview

Organizational Profile

Minister: The Honourable Joe Oliver, P.C., M.P., Minister of Finance

Institutional Head: Gérald Cossette, Director

Ministerial Portfolio: Finance

Enabling Instrument: *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, S.C. 2000, c. 17.

Year of Commencement: 2000

Organizational Context

Raison d'être

The Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) is Canada's financial intelligence unit (FIU). The Centre exists to assist in the detection, prevention and deterrence of money laundering and the financing of terrorist activities. FINTRAC's 'value-added' financial intelligence products and compliance functions are a unique contribution to the public safety of Canadians and to the protection of the integrity of Canada's financial system.

FINTRAC is an independent agency that operates at arm's length from the law enforcement agencies and other entities to which it is authorized to disclose financial intelligence. It reports to the Minister of Finance, who is in turn accountable to Parliament for the activities of the Centre. FINTRAC was established by, and operates within, the ambit of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (PCMLTFA) and its Regulations.

Responsibilities

FINTRAC is one of several domestic partners in Canada's anti-money laundering and anti-terrorist financing (AML/ATF) regime, which also includes the Department of Finance as the policy and regime lead, the Royal Canadian Mounted Police (RCMP), the Canadian Security Intelligence Service (CSIS), the Canada Revenue Agency (CRA), the Canada Border Services Agency (CBSA), the Office of the Superintendent of Financial Institutions (OSFI), the Public Prosecution Service of Canada, the Department of Justice, and Public Safety Canada. FINTRAC is also part of the Egmont Group, an international network of financial intelligence units that

collaborate and exchange information to combat money laundering and terrorist activity financing.

FINTRAC facilitates the detection, prevention and deterrence of money laundering, and terrorist activity financing by engaging in the following activities:

- Receiving financial transaction reports and voluntary information on money laundering and terrorist activity financing in accordance with the legislation and regulations;
- Safeguarding personal information under its control;
- Ensuring compliance of reporting entities with the legislation and regulations;
- Maintaining a registry of money services businesses in Canada;
- Producing financial intelligence relevant to investigations of money laundering, terrorist activity financing and threats to the security of Canada;
- Researching and analyzing data from a variety of information sources that shed light on trends and patterns in money laundering and terrorist activity financing; and
- Enhancing public awareness and understanding of money laundering and terrorist activity financing.

FINTRAC is headquartered in Ottawa, and its Montréal, Toronto and Vancouver regional offices have specific mandates related to compliance with the PCMLTFA.

Protecting the Privacy of Canadians

The protection of the personal information entrusted to FINTRAC is an overarching and fundamental consideration in all aspects of the Centre's operations. The PCMLTFA establishes stringent rules that govern both the management and disclosure of all information contained in the Centre's transaction reports and other records. All facets of FINTRAC's operations are subject to rigorous security measures that ensure the safeguarding of the Centre's physical premises and IT systems, and include the handling, storage and retention of all personal and other sensitive information under its control.

The legislation also establishes that the Centre can only make a financial intelligence disclosure to prescribed police, law enforcement and security agencies. Furthermore, the PCMLTFA clearly defines what information may be disclosed and sets out specific thresholds that must be met before FINTRAC is able to disclose. Any other disclosure of information is prohibited and can result in severe penalties, including a fine of up to $500,000 and/or up to five years' imprisonment for FINTRAC employees or persons conducting work for or on behalf of FINTRAC.

FINTRAC's premises and information systems in Ottawa, Montréal, Toronto and Vancouver are protected by multi-layered and integrated security systems. All personnel including contractors must obtain and maintain security clearance at the highest level of integrity as a condition of employment. Access to sensitive information is on a need-to-know basis. Responsibilities involving the protection of personal information are clearly communicated and measures are in place to ensure that responsibilities in relation to the protection of personal information are formally acknowledged by all personnel.

Pursuant to the PCMLTFA, the Office of the Privacy Commissioner (OPC) reviews FINTRAC's information protection measures every two years. The OPC's second review was published in October 2013. Broadly, the audit recognized that FINTRAC has in place a comprehensive approach to security, including controls to safeguard personal information. It also found that personal information was only used for the purpose for which it was received, and that financial intelligence disclosures were tightly controlled and made in accordance with the prescribed legislation. FINTRAC accepted the Privacy Commissioner's nine recommendations for improvement and has implemented changes to its systems and processes to address the outstanding issues identified.

Strategic Outcome and Program Alignment Architecture (PAA)

To effectively pursue its mandate, FINTRAC aims to achieve a single Strategic Outcome supported by the Program Activity Architecture (PAA) summarized below.

1 **Strategic Outcome :** *A Canadian financial system resistant to money laundering and terrorist financing*

1.1 Program: *Financial Intelligence Program*

1.2 Program: *Compliance Program*

Internal Services

Organizational Priorities

Priority	Type	Programs
Implementation of the multi-year plan for the modernization of FINTRAC's analytics system	New	• Financial Intelligence Program • Internal Services

Description

Why is this priority?

- FINTRAC must periodically invest in its analytics system and business processes in order to provide valuable intelligence products that are aligned with its partners' priorities and to identify trends related to money laundering and terrorist financing.
- As identified in the 2014–15 Report on Plans and Priorities, FINTRAC's existing analytics system is based on a design that is more than 20 years old and is increasingly unable to meet the Centre's requirements.
- *Economic Action Plan 2014* announced the provision of additional funding for FINTRAC to improve its analytics system.

What are the plans for meeting this priority?

- FINTRAC began the process of selecting technological solutions and initiating the renewal of the analytics system during the 2014–15 fiscal year. In the first year of the project, the focus was on acquiring project authority from the Treasury Board, completing the request for proposal and awarding a contract for the implementation of the solution.
- In 2015–16, the Centre will be positioned to begin the implementation phase of the new analytics system. This phase is expected to extend into the 2016–17 fiscal year.
- In 2017–18, FINTRAC's new analytical system is expected to be fully operational and the Centre will be able to retire legacy financial intelligence systems and licences. With the new analytical system, FINTRAC will be better able to balance the reliability, completeness and timeliness of its financial intelligence products.

Priority	Type	Programs
Implementation of the legislative changes announced in *Economic Action Plan 2014 Act No. 1* to strengthen Canada's AML/ATF regime.	New	• Financial Intelligence Program • Compliance Program

Description

Why is this priority?

- Canada's legislative and policy frameworks provide critical tools in the fight against money laundering and terrorist financing.
- *Economic Action Plan 2014* announced the Government's intention to introduce legislative amendments to strengthen Canada's AML/ATF regime as well as the provision of additional funding for FINTRAC to implement these amendments.
- On June 19, 2014, the *Economic Action Plan 2014 Act No. 1* received royal assent. The legislation implemented core elements of *Economic Action Plan 2014*, including amendments to the PCMLTFA. The amendments included enhancing the ability of FINTRAC to disclose to regime partners financial intelligence on threats to the security of Canada.

What are the plans for meeting this priority?

- FINTRAC is working closely with the Department of Finance to support the development of regulatory amendments to implement the commitments in *Economic Action Plan 2014* and to strengthen Canada's AML/ATF regime. This includes participating in consultations with reporting entities on some of the proposed Government amendments to the PCMLTF Regulations.
- Some of the legislative changes relating to the *Economic Action Plan 2014 Act No. 1* came into force upon royal assent and were implemented during the 2014–15 fiscal year. For those amendments not yet in force, as well as in relation to the regulatory changes, FINTRAC is developing an implementation plan for 2015–16 that provides for IT systems changes, guidance and outreach for reporting entities, and the preparation of guidelines. The implementation plan will guide FINTRAC's activities during the final implementation phase, once the regulatory amendments have received final publication in the Canada Gazette.

Priority	Type	Programs
Preparation for the Financial Action Task Force's (FATF) evaluation of Canada's AML/ATF regime.	New	• Financial Intelligence Program • Compliance Program • Internal Services

Description

Why is this priority?

- During the 2015–16 fiscal year, the Financial Action Task Force (FATF) will begin its mutual evaluation of Canada's overall AML/ATF regime.
- The FATF mutual evaluation will assess Canada's technical compliance against FATF recommendations and the effectiveness of the overall AML/ATF regime.

What are the plans for meeting this priority?

- Under the leadership of the Department of Finance, FINTRAC is participating in a number of regime-wide initiatives to prepare for the FATF Mutual Evaluation.
- FINTRAC will continue to support the Department of Finance in 2015–16 as preparations are finalized for the on-site evaluation conducted by the FATF Assessment Team. These efforts will include contributing to Canada's National Risk Assessment as well as Canada's Technical Compliance and Effectiveness submissions to the FATF.

Priority	Type	Programs
Engage with key partners on a future-oriented research agenda to increase the understanding and awareness of money laundering and terrorist financing issues, and to maximize the value of financial intelligence.	New	• Financial Intelligence Program • Compliance Program • Internal Services

Description

Why is this priority?

- FINTRAC's financial intelligence supports Canada's broader policing, national security and foreign policy priorities, including in relation to the links between money laundering and criminal activity, the resourcing of terrorist groups, and high risk countries that fall under international sanctions.

- It is critical that FINTRAC continue to reach out to businesses, regime partners, international and domestic stakeholders and academia to ensure that the role of financial intelligence and the contribution it makes is clearly understood, to emphasize the shared responsibility of all AML/ATF regime partners in protecting Canada and Canadians, and to support Canada's national security priorities.

What are the plans for meeting this priority?

- FINTRAC will continue to work closely with its AML/ATF regime partners, and will reach out to other stakeholders (businesses, international partners, academics, etc.), to share expertise on money laundering and terrorist financing. Working closely with these partners will keep FINTRAC aware of their most pressing priorities and will assist in identifying regime vulnerabilities that may need to be addressed to strengthen the regime.

- FINTRAC will continue to support the Department of Finance, the lead in Canada's AML/ATF regime, through its assessments of potential vulnerabilities and opportunities, in order to evaluate the pursuit of enhancements to the AML/ATF regime. The consideration of the potential regime enhancements will be done in close collaboration with regime partners.

Priority	Type	Programs
Strengthen leadership capacity across the Centre to support key modernization and people management initiatives.	Previously committed to	• Financial Intelligence Program • Compliance Program • Internal Services

Description

Why is this priority?

- In addition to delivering on the Centre's mandate, FINTRAC will be implementing a number of significant transformational initiatives over the planning period. To be successful, FINTRAC will need to continue to attract and maintain an engaged workforce with the leadership strengths, expertise and skills to deliver on operational priorities as well as to adapt to the Centre's evolving business context.

- FINTRAC is also committed to responding to the results of the 2014 Public Service Employee Survey and contributing to the modernization of the Public Service through Blueprint 2020. To succeed in these initiatives, it will be essential for the Centre to strengthen leadership capacity not only within the executive cadre but at all levels of the organization.

What are the plans for meeting this priority?

- FINTRAC's leadership competencies are integrated throughout its People Management Framework. In 2015–16, FINTRAC's leadership capacity will continue to be strengthened through engagement, learning and performance management activities, supported by appropriate policies, programs and tools, including optimized recruitment strategies.

- To succeed in its transformation agenda and people management initiatives while delivering on its operational priorities, FINTRAC will continue to employ an integrated approach to its recruitment, learning, engagement and performance management activities that help strengthen the Centre's capacity for business performance.

Priority	Type	Programs
Continue to strengthen the Centre's approach to its security posture to ensure a high level of assurance that information, assets, and services are protected against compromise.	Previously committed to	• Financial Intelligence Program • Compliance Program • Internal Services

Description

Why is this priority?

- In accordance with the objects of the PCMLTFA, the safeguarding of the information entrusted to FINTRAC is an overarching and fundamental consideration in all aspects of the Centre's operations. The protection of information, assets and services against compromise is critical to maintaining Canadians' confidence in FINTRAC and the broader AML/ATF regime.

What are the plans for meeting this priority?

- Continue to implement measures to strengthen personnel, physical, and information security programs that support establishing a high level of assurance that information, assets, and services are effectively protected against compromise.

- Continue to collaborate closely with Shared Services Canada and other Central agencies to implement new government wide policies and initiatives, new information technology infrastructure, systems and services in support of FINTRAC's Security posture.

Risk Analysis

Risk management is a key component of FINTRAC's decision-making, business planning, resource allocation, and operational management. The Centre's Corporate Risk Profile promotes risk management practices and integration of risk management activities within and among sectors and directorates, which is critical to FINTRAC's ability to respond to uncertainties in its environment and ensures that resources are effectively utilized.

In recent years, FINTRAC has reduced its exposure to corporate risks associated with its operational environment. In general, those risks are now well identified, and the associated risk response activities have become integrated and stable. While the risk remains, the risk management strategies currently employed aim to reduce the probability of occurrence and provide a greater level of comfort with the remaining risk exposure.

FINTRAC's planning approach to the identification, assessment and management of risks supports the use of risk information on a systematic and continuous basis. This year, the scope for identifying corporate risks was widened, allowing for a broader assessment of the risks facing the organization. This corporate level view allows for oversight and collaboration in how common elements of risk are managed across the Centre.

Key Risks

Risk	Risk Response Strategy	Link to Program Alignment Architecture
Relationships – FINTRAC depends on relationships with external partners to advance its priorities and initiatives and maximize its value to Canadians.	Though FINTRAC has mechanisms in place to align its work with partners, partner organizations set their own priorities. In the case of law enforcement and national security partners, shifts in investigative priorities may impact the usefulness of FINTRAC disclosures. In other instances, partners' operational priorities may have an impact on FINTRAC's ability to implement its own priority initiatives. To ensure FINTRAC manages these relationship risks effectively, the Centre employs a number of controls including: • FINTRAC works with law enforcement and national security partners to build and maintain relationships, to ensure that priorities are understood and aligned, and to gather feedback. • FINTRAC maintains a trained complement of Compliance	• Compliance Program • Financial Intelligence Program • Internal Services

	Officers having functional relationships with reporting entities, industry associations and other regulators and supervisors. • FINTRAC engages with domestic and international partners to support business strategies and processes (services / training / outreach). • Through participation in discussions with the Department of Finance and other AML/ATF regime partners; the Financial Action Task Force; and the Egmont Group, FINTRAC contributes to the exchange of knowledge and supports efforts to strengthen Canada's AML/ATF policy frameworks.	
Security and Privacy – The protection of information that FINTRAC receives, analyzes and discloses is an integral part of the Centre's mandate.	FINTRAC employs a comprehensive suite of safeguards and controls to address security and privacy risk from both internal and external threats. Some of the most important of these include: • FINTRAC's Personnel Security Program ensures that all personnel and contractors are screened to the highest integrity levels. • Security policies and procedures are established to secure the Centre's physical environment and support the safeguarding of information. Access controls are implemented to secure FINTRAC's infrastructure. • A Privacy Management Framework is in place to ensure that privacy protection is reflected in all aspects of program operations. • Information Management and Security Programs provide direction and guidance on the capture, storage, protection, access to, classification, dissemination and eventual disposition of all information at FINTRAC.	• Internal Services

Resource Management – FINTRAC's ability to successfully deliver its programs is directly linked to the adaptability, skills and engagement of its employees, and the tools and resources that are available to support their work.	FINTRAC places a strong focus on the effective management of both human and financial resources especially during periods of change and transformation. As a small organization, FINTRAC faces a number of challenges and limitations regarding its human resources capacity and its flexibility to cash manage funds. To ensure that FINTRAC is able to manage its resource management risks and ensure the effective stewardship of public resources, the Centre employs a range of controls including: • Budget and resource allocations to sectors/directorates/initiatives are established by the Centre's Executive Committee, representing the most senior level of executive management. • Guidance of the Chief Human Resources Officer and the Chief Financial Officer – as members of FINTRAC's Executive Committee and as leaders of robust frameworks of people and financial management. • HR planning strategies that include annual demographics analysis and staffing forecasts to anticipate and respond to capacity and change management issues.	• Compliance Program • Financial Intelligence Program • Internal Services
Business Processes and Systems – FINTRAC's ability to deliver its mandate is dependent on the availability and use of key business processes and systems, many of which are currently undergoing transformation.	Until the completion of the Analytics Modernization Project, FINTRAC will continue to rely on existing, aging infrastructure for the analysis and production of financial intelligence. To ensure the continued availability of its analytical systems and business processes to support ongoing activities, FINTRAC employs a number of safeguards and controls including: • Optimizing the use of existing systems and tools through training and awareness, planning manual solutions and contingencies to address system limitations and inefficiencies, and enhancing internal communications to ensure a common understanding of the needs as well as the information	• Compliance Program • Financial Intelligence Program • Internal Services

	technology capacity within the organization. • Technical analysis to ensure the Centre has the tools and resources required to address day-to-day operational issues and to provide input into future business processes and systems. • Strategic planning and management of the ongoing Analytics Modernization Project to ensure delivery of a timely solution, including budgetary strategy, scope definition, process planning, and alignment, supported by a robust risk management strategy. Quality and timelines are provided through a senior-level committee which report on progress to FINTRAC's Executive Committee and the Director. • Leveraging Shared Services (SSC) Canada's support and expertise for the coordination of a range of initiatives, such as SSC Workload Migration, Analytics modernization implementation, Email Transformation Initiative and the broader Government of Canada Business Continuity maintenance and recovery strategy.	

Planned Expenditures

Budgetary Financial Resources (dollars)

2015–16 Main Estimates	2015–16 Planned Spending	2016–17 Planned Spending	2017–18 Planned Spending
50,450,180	53,535,503	51,558,139	50,532,273

Human Resources (Full-Time Equivalents [FTEs])

2015–16	2016–17	2017–18
362	364	365

Budgetary Planning Summary for Strategic Outcome and Programs (dollars)

Strategic Outcome, Programs and Internal Services	2012–13 Expenditures	2013–14 Expenditures	2014–15 Forecast Spending	2015–16 Main Estimates	2015–16 Planned Spending	2016–17 Planned Spending	2017–18 Planned Spending
Strategic Outcome: A Canadian financial system resistant to money laundering and terrorist financing							
Financial Intelligence Program	22,673,503	21,668,241	21,753,600	21,083,994	22,395,256	21,546,038	21,511,818
Compliance Program	23,068,382	21,702,134	22,269,145	22,060,798	23,372,060	22,585,992	21,594,816
Subtotal	**45,741,885**	**43,370,375**	**44,022,745**	**43,144,792**	**45,767,316**	**44,132,030**	**43,106,634**
Internal Services – Subtotal	8,251,686	8,333,808	7,616,859	7,305,388	7,768,187	7,426,109	7,425,639
Total	**53,993,571**	**51,704,183**	**51,639,604**	**50,450,180**	**53,535,503**	**51,558,139**	**50,532,273**

As announced in *Economic Action Plan 2014*, FINTRAC received funding to implement legislative amendments and to modernize its analytical system. The approved funding profile to date for legislative amendments is $860,544 in 2014–15, $1,747,592 in 2015–16, $2,050,750 in 2016–17 and $1,028,014 in 2017–18. The approved funding profile to date for analytical system modernization is $1,00 000 in 2014–15.

Planned spending for all three years includes an estimate for the Reimbursement of Eligible Paylist Expenditures. Planned spending for FY 2015–16 includes an estimate for the Operating Budget Carry-Forward (OBCF).

Alignment of Spending With the Whole-of-Government Framework

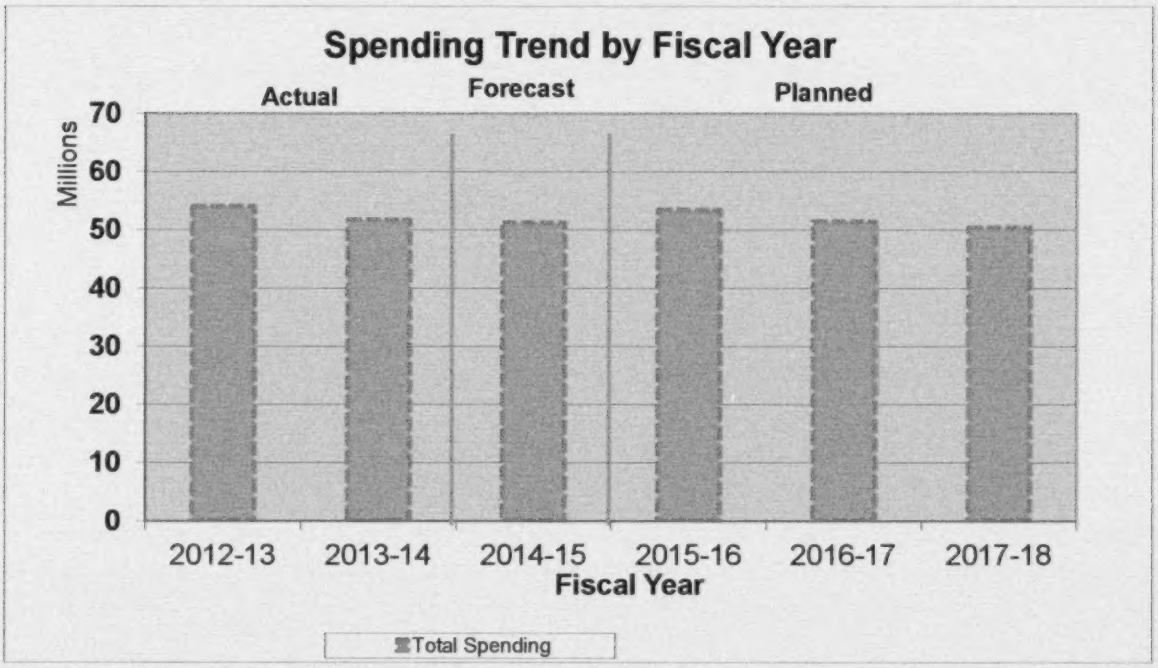
Alignment of 2015–16 Planned Spending With the Whole-of-Government Framework[i] (dollars)

Strategic Outcome	Program	Spending Area	Government of Canada Outcome	2015–16 Planned Spending
1 A Canadian financial system resistant to money laundering and terrorist financing	1.1 Financial Intelligence Program	Social Affairs	A Safe and Secure Canada	22,395,256
	1.2 Compliance Program	Social Affairs	A Safe and Secure Canada	23,372,060
	Internal Services			7,768,187

Total Spending by Spending Area (dollars)

Spending Area	Total Planned Spending
Economic affairs	
Social affairs	45,767,316
International affairs	
Government affairs	

Departmental Spending Trend



Actual Spending (2012–13 and 2013–14)

The resources available for spending in 2012–13 and 2013–14 were $56,186,555 and $53,288,233, respectively. Actual spending for 2012–13 was $53,993,571 and 2013–14 was $51,704,183, a decrease of $2,289,388. The primary reasons for these decreases were:

- An increase in budget in 2012–13 (via a reprofile) for the fit-up of FINTRAC's headquarters;
- The funding profile of money received via *Economic Action Plan 2010* (a decrease of $0.5M from 2012–13 to 2013–14); and
- The savings measures announced in *Economic Action Plan 2012* and *Economic Action Plan 2013*.

Forecast Spending (2014–15)
Forecasted spending for 2014–15 is $51,639,604.

FINTRAC's overall spending is expected to decrease compared to 2013–14 commensurate with the organization's decrease in authorities, which includes a $2M reduction for funding received via *Economic Action Plan 2010* to help combat money laundering and terrorist financing. Other decreases in authorities include the implementation of *Economic Action Plan 2012* and *Economic Action Plan 2013* savings measures.

The decrease in authorities is partially offset by funds received via *Economic Action Plan 2014* to support the implementation of legislative amendments and to modernize FINTRAC's analytics system.

FINTRAC's contribution to employee benefit plans (EBP) has remained stable in 2014–15 when compared to 2013–14.

Planned Spending (2015–16 to 2017–18)
Planned spending is expected to be $53,535,503 in 2015–16 and $51,558,139 in 2016–17, a decrease of $1,977,364. Planned spending is lower in 2016–17 due to:

- the exclusion of an estimate for the Operating Budget Carry-Forward;
- increased transfers to Shared Services Canada and the Canada School of Public Service; and are
- partly offset by increased funding via *Economic Action Plan 2014* in 2016–17.

Planned spending is expected to be $51,558,139 in 2016–17 and $50,532,273 in 2017–18, a decrease of $1,025,866. Planned spending is higher in 2016–17 due to the funding profile of funds received via *Economic Action Plan 2014*.

Estimates by Vote

For information on FINTRAC's organizational appropriations, consult the *2015–16 Main Estimates* on the Treasury Board of Canada Secretariat website.[ii]

Section II: Analysis of Programs by Strategic Outcome

Strategic Outcome: A Canadian financial system resistant to money laundering and terrorist financing

Program 1.1: Financial Intelligence Program

Description

FINTRAC's Financial Intelligence Program, mandated by the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (PCMLTFA), is a component of the broader national security and anti-crime agenda. The program strives to disrupt the ability of criminals and terrorist groups that seek to abuse Canada's financial system and to reduce the profit incentive of crime. The main method of intervention used by the program is to analyze reported financial transactions and other information the Centre is authorized to receive and collect under the PCMLTFA to produce financial intelligence products including tactical case disclosures and strategic intelligence products that are relevant to the investigation, prosecution or understanding of money laundering and terrorist financing activities.

Budgetary Financial Resources (dollars)

2015–16 Main Estimates	2015–16 Planned Spending	2016–17 Planned Spending	2017–18 Planned Spending
21,083,994	22,395,256	21,546,038	21,511,818

Human Resources (FTEs)

2015–16	2016–17	2017–18
149	150	150

Performance Measurement

Expected Results	Performance Indicators	Targets	Date to Be Achieved
Disclosures of financial intelligence make an important contribution to investigations of money laundering and terrorist financing.	Percentage of disclosure recipients indicating disclosure provided information that was helpful to the investigation.	70%	2015–16
	Percentage of disclosure recipients indicating that	50%	2015–16

	information provided was actionable.		
Strategic financial intelligence products align with the priorities of investigators, intelligence analysts, policy and decision-makers.	Percentage of primary recipients indicating increased awareness and understanding of ML/TF subject matter as a result of FINTRAC's strategic financial intelligence products.	75%	2015–16

Planning Highlights

FINTRAC delivers case disclosures and other financial intelligence that assists in investigations of suspected money laundering and terrorist financing, as well as supports the priorities of the AML/ATF and national security policy-making communities, domestic regime partners, and the broader security and intelligence community.

FINTRAC case disclosures contain designated information that identifies individuals and entities, as well as account and transaction information. This financial intelligence is used to assist money laundering and terrorist financing investigations in the context of a wider variety of criminal investigations, where the origins of the suspected criminal proceeds are linked to drug trafficking, fraud, tax evasion, corruption, and other criminal offences. With these types of crimes, there are victims, there is often violence, and there is real social harm.

Increasingly, FINTRAC's financial intelligence is also used by investigative partners to identify assets for seizure and forfeiture, reinforce applications for the listing of terrorist entities, negotiate agreements at the time of sentencing and advance the government's knowledge of the financial dimensions of threats, organized crime and terrorism.

In addition, FINTRAC also produces valuable strategic financial intelligence in the fight against money laundering and terrorist activity financing. Through the use of analytical techniques, we are able to identify emerging characteristics, trends and patterns used by criminals to launder money or fund terrorist activities. The goal of our strategic intelligence is to inform the federal government, reporting entities and the Canadian public about the nature and extent of money laundering and terrorist activity financing in Canada and throughout the world.

This more holistic intelligence helps federal policymakers and other stakeholders to understand the dynamics of the broader money laundering and terrorist financing environment, including providing an early warning on emerging threats. For example, FINTRAC provides insight into trends in financial activity related to terrorist groups or countries of concern. By analyzing its database and the roughly 20 million financial transaction reports the Centre receives every year,

along with intelligence from partners and open source material, FINTRAC produces strategic intelligence to help constrain or disrupt the operating environment for money launderers and terrorist financiers.

FINTRAC's strategic intelligence on money laundering and terrorist activity financing also supports Canada's broader policing, national security and foreign policy priorities, including in relation to the links between money laundering and criminal activity in Canada and abroad, the resourcing of terrorist groups and high-risk countries that fall under international sanctions.

FINTRAC's Financial Intelligence Program encompasses all of the Centre's financial intelligence activities. These activities are complemented by research, partnership and government relationship activities, both domestically and internationally.

In order to achieve the expected results for 2015–16, FINTRAC plans to undertake the following activities during the planning period:

- Continue to produce quality financial intelligence products that address the needs and priorities of investigative and intelligence partners.
- Identify and communicate money laundering and terrorist financing trends, methods, and issues.
- Maintain and enhance relationships, both domestically and internationally, that strengthen FINTRAC's role in combating money laundering and terrorist financing.
- Continue to engage with FINTRAC's law enforcement, national security and international partners to improve the level and quality of feedback the Centre receives.
- Provide FINTRAC's intelligence analysts with customized tools and training by modernizing the technological infrastructure and adopting new practices and methods that support the Centre's ability to produce high-quality financial intelligence.

Program 1.2: Compliance Program

Description

FINTRAC's Compliance Program is responsible for ensuring compliance with Part 1 of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (PCMLTFA) and associated Regulations. The Compliance Program utilizes a risk-based approach to deliver enforcement, and relations and support activities that help ensure compliance with legislative and regulatory obligations that apply to individuals and entities operating in Canada's financial system.

Budgetary Financial Resources (dollars)

2015–16 Main Estimates	2015–16 Planned Spending	2016–17 Planned Spending	2017–18 Planned Spending
22,060,798	23,372,060	22,585,992	21,594,816

Human Resources (FTEs)

2015–16	2016–17	2017–18
160	161	162

Performance Measurement

Expected Results	Performance Indicators	Targets	Date to Be Achieved
Non-compliance among reporting entities is detected and addressed.	Percentage of cases where corrective actions taken are commensurate with the level of non-compliance detected.	100%	2015–16
Entities have access to timely and accurate information.	Percentage of general inquiries answered within established timeframes.	90%	2015–16

Planning Highlights

FINTRAC follows the concept of 'compliance for intelligence' in operational and strategic decision-making. This concept recognizes that the overall effectiveness of Canada's anti-money laundering and anti-terrorist financing regime, including the financial intelligence that is produced, is dependent upon reporting entities submitting high-quality and timely financial transaction reports. To enable the production of actionable financial intelligence, FINTRAC provides directed guidance and feedback on the reports submitted; offers clarity surrounding the obligations outlined in the PCMLTFA and its associated Regulations; conducts compliance examinations and other compliance assessments; and, undertakes measured and proportionate enforcement activities.

To ensure reporting entities receive effective guidance and feedback, and to help them fully understand their legal obligations, FINTRAC undertakes a range of activities intended to facilitate reporting entity compliance. These activities include participating in numerous speaking events, presentations and workshops, as well as responding to enquiries and requests for policy interpretations from reporting entities and their representatives.

FINTRAC also undertakes a suite of risk-based compliance activities that span various strategies to ensure reporting entities are meeting their legal obligations. These include: observation letters, reporting entity validations, reports monitoring, compliance meetings, compliance assessment reports, examinations, and follow-up examinations.

Regardless of the strategy employed, when non-compliance is identified, FINTRAC ensures that progressive and measured compliance and/or enforcement actions are taken. These actions could include follow-up examinations to ensure that reporting entities are implementing corrective actions, or the issuance of administrative monetary penalties (AMP) to encourage change in non-compliant behaviour. An AMP is levied when FINTRAC determines that it is the most appropriate course of action available to address a reporting entity's non-compliance. In cases where there is extensive non-compliance or little expectation of immediate or future compliance, a non-compliance disclosure may be provided to law enforcement.

During the planning period, FINTRAC will undertake the following activities to support the Centre's compliance priorities:

- Direct compliance and enforcement activities based on internal analysis and risk, and ensure reporting entities address any detected non-compliance in a timely manner by employing compliance and enforcement activities commensurate with the level of non-compliance found, which may include the use of administrative monetary penalties or non-compliance disclosures to law enforcement.

- Provide clear and consistent technical support and guidance to reporting entities to facilitate quality and timely reporting.
- Pursue opportunities to enhance the quality of report data and seek opportunities to modernize the technological infrastructure that will enhance data integrity and ensure that reporting data is the best possible for analysis and the production of financial intelligence.
- Leverage technology to provide enhanced self-service tools and content to raise the awareness of reporting entities and support their compliance with the PCMLTFA obligations.
- Enhance sector risk profiles as part of an outreach and enhanced feedback strategy to raise awareness of vulnerabilities to money laundering and terrorist financing activities in different sectors.

Internal Services

Description

Internal Services are groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of an organization. Internal services include only those activities and resources that apply across an organization, and not those provided to a specific program. The groups of activities are Management and Oversight Services; Communications Services; Legal Services; Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; Real Property Services; Materiel Services; and Acquisition Services.

Budgetary Financial Resources (dollars)

2015–16 Main Estimates	2015–16 Planned Spending	2016–17 Planned Spending	2017–18 Planned Spending
7,305,388	7,768,187	7,426,109	7,425,639

Human Resources (FTEs)

2015–16	2016–17	2017–18
53	53	53

Planning Highlights

FINTRAC's Internal Services support the Centre's Financial Intelligence and Compliance Programs. They are focused on the development and delivery of effective services, policies, advice and guidance in the fields of finance, human resources, security, communication, procurement, administration, and information management and information technology. The overall objective of the program is to ensure that FINTRAC has the proper capacity, processes and systems to allow its workforce to focus on and perform well in meeting their operational objectives.

Over the planning period, Internal Services will focus on activities that leverage advancements in information technology, enhance the leadership capacity of FINTRAC's workforce, and strengthen the Centre's security posture to ensure that its information, assets and services are protected against compromise. To realize these objectives, FINTRAC will undertake the following activities:

- Implement various initiatives to optimize employee recruitment, engagement and performance, based on leadership competencies that help strengthen the Centre's capacity for business performance.
- Continue to develop initiatives that foster a values-based culture, including awareness strategies centered on the FINTRAC Code of Conduct, Values and Ethics, its adjunct policies, guidelines, and instruments.
- Collaborate with Shared Services Canada and continue to evaluate and implement targeted IT Security enhancements to further strengthen FINTRAC's IT Security posture.
- Continue to enhance personnel, physical, and information security programs in order to protect information, assets, and services against compromise.
- Review and update corporate policies and practices in support of FINTRAC business priorities and Government of Canada policies, legislation and initiatives.

Section III: Supplementary Information

Future-Oriented Statement of Operations

The future-oriented condensed statement of operations presented in this section is intended to serve as a general overview of FINTRAC's operations. The forecasted financial information on expenses and revenues are prepared on an accrual accounting basis to strengthen accountability and to improve transparency and financial management.

Since the future-oriented statement of operations is prepared on an accrual accounting basis and the forecast and planned spending amounts presented in other sections of this report are prepared on an expenditure basis, amounts will differ.

A more detailed future-oriented statement of operations and associated notes, including a reconciliation of the net cost of operations to the requested authorities, can be found on FINTRAC's website.

Future-Oriented Condensed Statement of Operations
For the Year Ended March 31
(dollars)

Financial Information	2014–15 Estimated Results	2015–16 Planned Results	Difference
Total expenses	60,713	63,322	2,609
Total revenues	-	-	-
Net cost of operations	60,713	63,322	2,609

FINTRAC is projecting approximately $63.2M in expenses based on 2015–16 Main Estimates, estimated allocations from Treasury Board central votes, and accrued information. Amounts for 2015–16 do not include Supplementary Estimates and represent an increase of $2.6M from 2014–15 results. The increase in expenses in 2015–16 is due to the projection of a nil budgetary lapse, as well as other technical adjustments. As FINTRAC's revenues consist of only non-respendable amounts for Administrative Monetary Penalties, total revenues are presented as nil.

Supplementary Information Tables

The supplementary information tables listed in the *2015–16 Report on Plans and Priorities* can be found on FINTRAC's website.

- Departmental Sustainable Development Strategy;
- Upcoming Internal Audits and Evaluations Over the Next Three Fiscal Years.

Tax Expenditures and Evaluations

The tax system can be used to achieve public policy objectives through the application of special measures such as low tax rates, exemptions, deductions, deferrals and credits. The Department of Finance Canada publishes cost estimates and projections for these measures annually in the *Tax Expenditures and Evaluations*[iii] publication. The tax measures presented in the *Tax Expenditures and Evaluations* publication are the responsibility of the Minister of Finance.

Section IV: Organizational Contact Information

Financial Transactions and Reports Analysis Centre of Canada

234 Laurier Avenue West
Ottawa, Ontario K1P 1H7
Canada

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Fax: 613-943-7931

Website: http://www.fintrac-canafe.gc.ca/intro-eng.asp

Appendix: Definitions

appropriation: Any authority of Parliament to pay money out of the Consolidated Revenue Fund.

budgetary expenditures: Include operating and capital expenditures; transfer payments to other levels of government, organizations or individuals; and payments to Crown corporations.

Departmental Performance Report: Reports on an appropriated organization's actual accomplishments against the plans, priorities and expected results set out in the corresponding Reports on Plans and Priorities. These reports are tabled in Parliament in the fall.

full-time equivalent: Is a measure of the extent to which an employee represents a full person-year charge against a departmental budget. Full-time equivalents are calculated as a ratio of assigned hours of work to scheduled hours of work. Scheduled hours of work are set out in collective agreements.

Government of Canada outcomes: A set of 16 high-level objectives defined for the government as a whole, grouped in four spending areas: economic affairs, social affairs, international affairs and government affairs.

Management, Resources and Results Structure: A comprehensive framework that consists of an organization's inventory of programs, resources, results, performance indicators and governance information. Programs and results are depicted in their hierarchical relationship to each other and to the Strategic Outcome(s) to which they contribute. The Management, Resources and Results Structure is developed from the Program Alignment Architecture.

non-budgetary expenditures: Include net outlays and receipts related to loans, investments and advances, which change the composition of the financial assets of the Government of Canada.

performance: What an organization did with its resources to achieve its results, how well those results compare to what the organization intended to achieve and how well lessons learned have been identified.

performance indicator: A qualitative or quantitative means of measuring an output or outcome, with the intention of gauging the performance of an organization, program, policy or initiative respecting expected results.

performance reporting: The process of communicating evidence-based performance information. Performance reporting supports decision-making, accountability and transparency.

planned spending: For Reports on Plans and Priorities (RPPs) and Departmental Performance Reports (DPRs), planned spending refers to those amounts that receive Treasury Board approval by February 1. Therefore, planned spending may include amounts incremental to planned expenditures presented in the Main Estimates.

A department is expected to be aware of the authorities that it has sought and received. The determination of planned spending is a departmental responsibility, and departments must be able to defend the expenditure and accrual numbers presented in their RPPs and DPRs.

plans: The articulation of strategic choices, which provides information on how an organization intends to achieve its priorities and associated results. Generally a plan will explain the logic behind the strategies chosen and tend to focus on actions that lead up to the expected result.

priorities: Plans or projects that an organization has chosen to focus and report on during the planning period. Priorities represent the things that are most important or what must be done first to support the achievement of the desired Strategic Outcome(s).

program: A group of related resource inputs and activities that are managed to meet specific needs and to achieve intended results and that are treated as a budgetary unit.

Program Alignment Architecture: A structured inventory of an organization's programs depicting the hierarchical relationship between programs and the Strategic Outcome(s) to which they contribute.

Report on Plans and Priorities: Provides information on the plans and expected performance of appropriated organizations over a three-year period. These reports are tabled in Parliament each spring.

results: An external consequence attributed, in part, to an organization, policy, program or initiative. Results are not within the control of a single organization, policy, program or initiative; instead they are within the area of the organization's influence.

Strategic Outcome: A long-term and enduring benefit to Canadians that is linked to the organization's mandate, vision and core functions.

sunset program: A time-limited program that does not have an ongoing funding and policy authority. When the program is set to expire, a decision must be made whether to continue the program. In the case of a renewal, the decision specifies the scope, funding level and duration.

target: A measurable performance or success level that an organization, program or initiative plans to achieve within a specified time period. Targets can be either quantitative or qualitative.

whole-of-government framework: Maps the financial contributions of federal organizations receiving appropriations by aligning their programs to a set of 16 government-wide, high-level outcome areas, grouped under four spending areas.

Endnotes

i. **Whole-of-government framework**, http://www.tbs-sct.gc.ca/ppg-cpr/frame-cadre-eng.aspx

ii. ***2015–16 Main Estimates***, http://www.tbs-sct.gc.ca/ems-sgd/esp-pbc/me-bpd-eng.asp

iii. ***Tax Expenditures and Evaluations*** **publication**, http://www.fin.gc.ca/purl/taxexp-eng.asp